

Message Text

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DRAFTED BY: XMB:AMOHANIAN

APPROVED BY: EB/OCA/REP:LAKLIEFORTH

XMB:WALTER C SAUER FIRST VP AND VICE CHAIRMAN

EB/IFD/ODF:MLINTON

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF \$1,548,450 TO FERROPECAS VILLARES S.A. OF
SAO BERNARDO DO CAMPO, BRAZIL. RELEASE IS SCHEDULED FOR
ANNOUNCEMENT HERE IN WASHINGTON, DC FOR AM PAPERS, TUESDAY,
SEPTEMBER 10, 1974.

QUOTE: EXIMBANK CREDIT OF \$1,548,450 HELPS FINANCE \$3,441,000
SALE OF U.S. EQUIPMENT FOR AUTO PARTS PLANT IN BRAZIL

TO HELP FINANCE A \$3,441,000 SALE OF U.S. GOODS AND SERVICES
REQUIRED FOR EXPANSION OF FACILITIES TO PRODUCE AUTOMOBILE
COMPONENTS AND JOBBING FOUNDRY PRODUCTS IN BRAZIL, THE BOARD
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OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES

HAS AUTHORIZED A DIRECT CREDIT OF \$1,548,450 TO FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF \$1,548,450 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 45 PERCENT OF THE U.S. COSTS. THE OBLIGOR, FERROPECAS VILLARES S.A. OF SAO BERNARDO DO CAMPO, BRAZIL, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR \$344,100.

PURCHASES WILL INCLUDE A HONING MACHINE, DISC GRINDER, RING GAP CUTTING MACHINE, BORING MACHINE, LAPPING MACHINE, RING SLOT MACHINE, SPLITTING MACHINE, RING PRESSES, FURNACES, MOLDING MACHINE, SAND MULLER, RING TUMBLING MACHINE, SHOT BLASTING MACHINE AND CENTRIFUGAL CASTING MACHINE FROM VARIOUS U.S. SUPPLIERS, INCLUDING CITY MACHINE TOOL DIE COMPANY OF MUNSEY, INDIANA; B & K CORPORATION OF SAGINAW, MICHIGAN; BROWN BOVERI U.S.A. OF NEW BRUNSWICK, NEW JERSEY, AND OTHERS.

INCORPORATED IN 1951, FVSA PRODUCES AUTOMOBILE COMPONENTS SUCH AS PISTON RINGS, CYLINDERS, SLEEVES, AND CAMSHAFTS; AND JOBBING FOUNDRY PRODUCTS, MAINLY IRON CASTINGS AND MOLDS. THE CURRENT EXPANSION PROJECT OF FVSA'S INSTALLATION LOCATED AT SAO BERNARDO DO COMPO, ABOUT 10 MILES SOUTHEAST OF SAO PAULO, IS SCHEDULED FOR COMPLETION BY THE END OF 1975.

THE LOANS ARE TO BE REPAID IN 14 SEMIANNUAL INSTALLMENTS BEGINNING MAY 10, 1976. EXIMBANK'S DIRECT CREDIT OF \$1,548,450 WILL BE REPAID OUT OF THE LAST 7 INSTALLMENTS AT AN INTEREST RATE OF 7 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT EXTENDED FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER OF ABOUT 9.52 PERCENT TO 9.77 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S CREDIT IS TO BE GUARANTEED BY INDUSTRIAS VILLARES. UNQUOTE. INGERSOLL

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